



**Superintendent's Office**

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March 18, 2003

The Honorable Terrance Duncan  
Presiding Judge of the Superior Court of Monterey County  
and Members of the Monterey County Grand Jury  
1200 Aguajito Road  
Monterey, CA 93940

Dear Judge Duncan and Members of the Monterey County Grand Jury:

The Monterey Peninsula Unified School District hereby submits the following response to the 2002 Monterey County Civil Grand Jury findings, conclusions and recommendations regarding the contract entered into between the District and 3D/International, a facilities consulting firm.

The District entered into two contracts with 3D/I: one contract entered into in 2000 for conducting an initial facilities assessment for planning purposes; and one contract dated May 8, 2001, and amended in September 2001, to include program management services. The work under the first contract, for assessment and planning, was completed pursuant to its terms and is no longer in effect. The Program Management Amendment to the Construction Management contract was the major focus of the Grand Jury investigation. The Grand Jury recommended that:

1. MPUSD seek outside advice from an independent consultant specializing in school construction management and independent legal advice from an attorney experienced in such matters to determine whether to:
  - a. terminate or renegotiate its contractual relations with 3D/I; or
  - b. obtain proposals from other firms to provide services as now needed by the District; and
2. MPUSD withhold further payment to 3D/I pending determination whether to terminate or renegotiate its contractual relations.

Upon consideration of the questions raised by the Grand Jury's report, as well as a review of the facts and applicable law, the District has determined that the Program Management, Amendment 1, Agreement, dated September 4, 2001, to the Construction Management Contract dated April 23, 2001, is void. The District has terminated that amendment effective April 5, 2003. The District will explore various options for providing further needed program management services.

We wish to thank the Grand Jury for its work in investigating and reporting on this important matter.

Sincerely,

Daniel Callahan  
Superintendent